



Is Nuvei Stock a Buy After the Short-Seller-Induced Selloff?

Description

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stock surged sharply yesterday, posting its biggest single-day gains since [a short-seller's severe criticism hit it](#) on December 8. NVEI stock settled with about 16.4% gains Tuesday at \$77.99 per share. Despite this rally, the stock is still trading nearly 36% lower from its levels before the short-seller-induced selloff started. In this article, we'll find out whether the stock is worth buying right now.

Nuvei stock price movement

Nuvei stock has gained a lot of popularity since the company went public slightly more than a year ago in September 2020. In about a year, the stock saw a spectacular journey from its IPO listing price of \$26 per share to its record high level near \$180 per share, posted on September 16, 2021.

After hitting this all-time-high level, NVEI stock started going through a correction phase — mainly driven by a tech sector-wide downward trend across North America. This correction was intensified further by investors' rising concerns about the newly emerged Omicron variant, which took Nuvei's stock price even lower to around \$122 per share as of December 7.

A short report hits NVEI stock

A big blow to Nuvei's investors came on December 8 when a New York-based short-seller, Spruce Point, released its critical [report](#) about the company. The short report made vague allegations and highlighted several irrelevant facts about its top leadership's educational credentials and lifestyle from decades ago.

While most institutional investors might have ignored the short report for being largely irrelevant, most retail investors with low-risk appetite reacted in a panic, triggering a massive selloff in NVEI stock on December 8. This selloff took the stock price from around \$122 per share to \$73 per share in a single day.

Is Nuvei stock worth buying now?

I could relate to retail investors' concerns, as no one wants to get stuck in high volatility and risk their hard-earned money in a short-seller-hit stock. Nonetheless, the short-seller-induced selloff took Nuvei share prices to a level where even other short-seller like Citron Research started buying it, [calling](#) it "way oversold."

If you carefully analyze the content of Spruce Point's report, it fails to provide any concrete evidence of any fraud by Nuvei or its management. The report rather keeps on talking about many irrelevant issues, including Nuvei CEO's lifestyle and education — clearly making personal attacks. I wonder how these short-sellers would react to such a personal attack on them. My guess is that they would counter such personal attacks by highlighting the difference between personal and professional life. That's exactly the point most Nuvei investors seem to be missing after this short report that Nuvei, as a company and its CEO's personal life are totally different.

That said, Nuvei as a company continues to flourish with its business expanding and financial growth prospects improving each month. While I can't guarantee (in fact, no one can) that Nuvei stock has bottomed out, I certainly find it worth buying after analyzing its recent financial trends and long-term growth prospects.

You can consider this investment idea, unless you want to miss buying a great tech stock for the long term just because its CEO "had an interest in racing cars" or he was arrested in a traffic case in 1998, as revealed in the recent short report.

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jparashar

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